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City of Milwaukee

Request for Proposal for HMO
May 3, 2011

Prepared by:

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Section I – Request for Proposal Information

Background

The City currently offers two medical plans to its employees and retirees. These plans and 2011 enrollment are as follows:

Active Employees: 5,812

Plan Name	Number of Enrollees
Basic Health Plan	606
UHC Choice (HMO)	5,206

Retired Employees: 4,212

Plan Name	Number of Enrollees
Basic Health Plan: 1,696 with Medicare, 703 with No Medicare	2,440
UHC Choice (HMO): 382 with Medicare and UHC Choice, 373 with Medicare UHC PPO, 1,017 no Medicare	1,772

Some additional demographics about active employees enrolled in the HMO plan:

- In addition to the 5,812 active members the City also provides health insurance to 295 active employees with Housing Authority of the City of Milwaukee (HACM) and 150 members of the Wisconsin Center District (WCD); these are not part of the 5,812 active City employees.
- Among the 5,813 active City employees, 1,804 have single and 4,009 have family coverage
- In 2012 the City would like to move from a two-tier single/family grouping to a four-tier grouping and have bids that follow: single [1.0], single adult with child/ren [1.5], two adult no child/ren, [2.0], and two adult with child/ren [3.].
- Among the 5813: 289 are over 60; 1,609 are 50-59; 2,004 are 40-49; 1,352 are 30-39; and 559 are under 30.
- Among the 5,813: 1,597 are female and 4216 are male.
- There are 18,753 total members, 12,849 dependents and 5,813 members.

Some additional demographics about retired employees:

- There are 4212 retirees; a total of 2,078 have spouses; there are 732 dependents.
- Of the 4,212 retirees, 2,451 have Medicare with 857 of the 2,451 having spouses.
- Of the 4,212 retirees, 1,761 do not have Medicare with 1,001 of the 1,761 having spouses.

work is paid at 100%. Also, a major medical plan supplements items not covered under the basic health plan such as physical therapy, prescription drugs and office visits. Navitus is the prescription drug manager for the self insured health plans for both active and retired.

The City has carved out certain wellness services and provides a comprehensive three-step wellness program to all active employees and their spouses through Froedtert Health Workforce Health.

The City offers all active employees an opportunity to select one of two medical plans before the start of each year. Currently active employees who select the HMO Plan pay a \$20 single and \$40 family premium in 2010. There is no deductible with the HMO plan. Currently active employees who select the Basic Plan pay a premium of \$75 single and \$150 family in 2010. There is a \$100 single and \$300 family deductible with the Basic Plan.

The City workforce is organized into nineteen bargaining units. Based on proposed state law changes, only three unions would be able to negotiate health insurance benefits with the City in 2012. The City will have a significant cut in state revenues in 2012. The City, based on proposed changes in state law, will be able to change the health plans for the other 16 unions for 2012 without labor negotiations. Because these state law changes are still being reviewed in court, the City is exploring options for the HMO/EPO plan and the Basic Plan for the non uniform, not police/fire union employees and for the management and non-management employees. None of these benefit design options have been approved by the City's Common Council at this time.

All retirees can choose the Basic Plan or the UHC Choice Plan. The City offers Medicare retirees only an additional Medicare Advantage Plan, currently a UHC PPO Plan that provides essentially the same benefits as the UHC Choice Plan. All Medicare retirees in Basic Plan, UHC Choice or UHC PPO plans receive drug benefits through DeanCareRx MedicareD with a wrap plan from Navitus. All retirees are provided the same benefit design as active employees.

Intent

The City is seeking proposals for its HMO/EPO option. All proposals are to be for a January 1, 2012 effective date and guaranteed for 12 months. If you offer distinct HMOs based off of both broad and narrow networks, please provide pricing reflecting the degree of exclusivity in the HMO networks.

Bidders willing to offer not-to-exceed caps on rate increases in years two and three will be viewed favorably by the City.

The City also is seeking quotations for an EPO program. The EPO would be self insured, the benefit design would be identical to the current HMO plan and the EPO would be offered instead of the HMO (the HMO and EPO would not both be offered). The City will review EPO plans with a single network option or EPO plans with narrow and broad network options, with identical benefits for both options but greater discounts for the narrow network EPO. If the City offers multiple EPO plan networks the

Because the City is not using an extensive RFP questionnaire, the City may, at its discretion, require a site visit of the bidder's facilities or ask a bidder to respond to a select set of more extensive questions prior to making a decision.

The selection process is being performed by a team of City employees, with the assistance and technical support of Willis. A scoring system for rating the proposals is developed before responses are received and the selection of vendor/s will be based on the results of these scores. A separate section in this RFP explains this process in greater detail.

Due Date for Proposal

To be considered by the City, ten copies of your proposal must be received no later than May 20, 2011, by 4:30 pm. Proposals should be delivered to:

Mr. Michael J. Brady, Employee Benefits Director
Department of Employee Relations, Employee Benefits Division
City Hall, 200 East Wells Street, Room 701
Milwaukee, Wisconsin 53202-3560

Project Time Table

Step	Date
Distribution of RFP	May 3, 2010
Responses to RFP due to the City	May 31, 2010
Analysis of Responses, Prepare Recommendations, Select Finalists	June 1 – June 21, 2011
Finance and Personnel Committee Meeting to Review and Approve Recommendations	June 29, 2011
Full Common Council Meeting to Approve Recommendations	July 6, 2011
Begin Program Implementation	July 7, 2011

Please note that proposals received after the due date will not be considered.

Key Selection Criteria

Past relationships the City has had with its vendors demonstrate stability. The City does not change administrators or service vendors on a year over year basis but, rather, favors long term and stable business relationships with its business vendors. The selection of the successful vendor(s) will be made

- Enhance quality, efficiency of care, and the overall wellness of the population
- Provide convenient access to City health members
- Offer single broad network or both broad and narrow network HMOs and/or EPOs
- Supply appropriate claims utilization data to be integrated with information on the basic health plan to help the City determine the factors driving its costs
- Ability to provide claims and eligibility extracts to Willis in the prescribed format for WillisMed

WillisMed Data Requirements

Willis makes available to the City a medical claim data aggregator known as WillisMed. WillisMed is an Internet-based data analysis tool that enables the City to identify potential high-cost claims and areas of high utilization through the use of data-driven, fact-based research, and develop targeted intervention programs.

WillisMed is operated in partnership with Verisk. WillisMed consolidates claim information at the diagnosis and procedure code levels and delivers a series of quarterly reports via a secure web application. These reports provide significant insight into the City's program by helping to identify chronic conditions, high cost claims, lifestyle related claims, and major diagnostic benchmarks.

The City requires your organization to provide City claims, and encounter and eligibility data into WillisMed data system. Appendix A contains details concerning the data extract.

Benefit Considerations

The benefit design of the HMO plans as well as the Basic Plan benefit design is currently determined by collective bargaining agreements for fire and police groups. The collective bargaining agreements stipulate the level of benefits to be provided. Therefore, you must duplicate the plan of benefits the City offers today for the self-insured plan and the HMO for fire and police groups. Based on reductions on state revenues there may be reasons to change the benefit design for non-fire and non-police group employees. A one-page summary of potential changes is attached below.

Appendices attached to this request for proposal contain the following information:

- A copy of the Blue Open Enrollment booklet from 2011 which includes a benefit summary for the current HMO Plan (see current structure column) and the Basic Plan.
- An attached active census of the 5,812 active employees in excel includes six columns:
 - (1) postal zip code(5 digit)
 - (2) employee ID (six digit)
 - (3) date of Birth

- gender,
 - zip code,
 - single/family and plan.
-
- The current rate sheets for active employees can be found at the City web site, www.Milwaukee.gov/der and current rate sheets for retirees can be found on the Employee Retirement System web site www.cmers.com
 - Claims report data for 2010 from UHC and three months of data in 2011 from UHC.
 - Possible benefit design option for non-fire and non-police groups.

Deviations

It is not the intent to cause disqualification of an otherwise favorable proposal on the basis of a technicality. Therefore, if you are substantially able to meet the requirements of this RFP, you are requested to submit your proposal detailing your deviations in the Statement of Compliance. However, if a proposal is not responsive to the RFP, the City reserves the right to reject that proposal.

Contract and Contract Dates

The Appendices contain the agreement the City expects each vendor to agree to and sign, in addition to the standard contract each HMO utilizes. Bidders are asked to carefully review the document and address any concerns/deviations in the Statement of Compliance. The City will not make substantial changes to the contract.

The contract will be for the period January 1, 2012 through December 31, 2012. A not-to-exceed cap in years two and three would be viewed favorably.

At any time when changes in the plan of benefits or servicing requirements are needed, such changes shall be made in writing and incorporated into the contract. Under no circumstances shall the vendor change the benefit plan, interpretation of benefit provisions, legislative interpretations or any part of the agreement without written request to and subsequent written approval of the City.

Insurance Requirements

Please confirm you maintain the following:

- Professional liability insuring against vendor's errors or omissions in the performance of the services outlined in this RFP in an amount of not less than \$2,000,000 each occurrence and in the aggregate

Said professional liability and commercial general liability all shall contain endorsements naming the City as an additional insured. All policies required thereunder shall be written by licensed insurers with A. M. Best ratings of at least A-VII.

In the event the vendor will utilize subcontractors to perform any of the services required in this RFP, the vendor shall require that the subcontractor comply with the above insurance requirements.

Willis Remuneration

Please delete all commissions from your quoted premium rates or, if no rate credit is given by foregoing commissions, state the amounts which would be payable to Willis as agent of record.

Quoted rates must include all costs. Clearly indicate whether your rates remain the same whether commission is paid to Willis or not.

Right to Audit

The City reserves the right to audit the financial and non-financial records of the HMO and its providers as they relate to the medical plans whenever the City deems appropriate. This may include on-site clinical audits of selected providers. Such audits may be performed by City personnel or by auditors selected by the city.

Claim Record Retention

The insurance company will be required to maintain all claim records for seven years from the date a claim is closed.

In the event of termination, the selected insurer must agree to transfer to the City of Milwaukee or another party as designated by the City, within thirty days of notification, all required data and records necessary to administer the plan. This data would include, but not be limited to, the following:

- List of covered employees
- List information regarding historical claim payments
- Medical records

Additional Information

Any additional questions regarding these specifications may be directed to:

Mr. Michael J. Brady, Employee Benefits Director

If selected, you will prepare the contracts, certificate of insurance booklets, necessary administrative forms, enrollment forms, summary plan descriptions, and other materials as quickly as possible. The successful insurer will be expected to bear the cost of installation of appropriate administrative systems, billing, preparing and producing contracts, certificates, administrative manuals, and enrollment forms, maintaining and determining eligibility information, and communicating with employees.

Enrollment materials will be distributed in September 2011 for the 2012 enrollment. Vendors are expected to bear a proportionate cost of the preparation and mailing of the City's open enrollment materials.

Non-discrimination Requirements

The City is committed to affirmative action in accordance with State and Federal law and regulations providing for equal employment opportunity. The City will refuse to contract with any firm that has not evidenced its own commitment as an equal opportunity employer through the development of an affirmative action policy. The respondent agrees to provide such evidence to the City upon request.

Prior to contracting, the selected insurance carrier will be required to certify compliance with the following:

- I. In all hiring or employment made possible by, or resulting from, this agreement, there:
 - A. Will not be any discrimination against any employee or applicant for employment because of age, handicap, marital status, race, color, sexual orientation, religion, sex, national origin, ancestry, or lawful sources of income; and
 - B. Affirmative action will be taken to ensure that applicants are employed and that employees are treated during employment without regard to their age, handicap, marital status, race, color, religion, sexual orientation, sex, national origin, ancestry, or lawful sources of income.

This requirement shall apply, but not be limited, to the following:

- A. Employment, upgrading, demotion or transfer, recruitment or recruitment advertising, lay-off or termination, rates of pay or other forms of compensation, and selection for training including apprenticeship.
- B. There shall be posted in conspicuous places available to employees and applicants for employment, notices required to be provided by federal or state agencies involved setting forth the provisions of the clause.
- C. All solicitations or advertisements for employees shall state that all qualified applicants will receive consideration for employment without regard to age, handicap, marital status, race, color.

provided that the foregoing provisions shall not apply to contracts or subcontracts for standard commercial supplies or raw materials.

Evaluation Process

Willis is assisting the City with this RFP. A final recommendation and selection will be made by the following process.

The City has identified a project selection team. This team, with the support of Willis, will be responsible for the evaluation of vendors responding to this RFP. The analysis and selection will adhere to the following steps:

- Each member of the evaluation team will review and score the written responses to the RFP according to a predetermined scoring tool.
- Willis will analyze the financial terms and provide a summary of the qualitative aspects of the RFP.
- Willis will tabulate scores to the written responses to the RFP.
- The financial terms of your response will be evaluated by a process whereby the lowest vendor overall financially will receive the highest possible score. Scores for the remaining vendors will be determined utilizing the following formula.

$$\text{Score} = (\text{number responding} \times [\text{lowest cost}] \setminus \text{vendor cost})$$

- Finalists will be selected based on a composite evaluation of the financial terms and the project team's evaluation of the written responses to this RFP.
- Finalists may be interviewed and/or have their operations toured. During these tours, finalists will be asked a consistent set of questions. Each member of the evaluation team will independently score response to these questions.
- A final recommendation and selection will be based on the weighted scores of the evaluation team with respect to the following:
 - ⇒ Scores regarding written responses to the proposal
 - ⇒ Scores regarding financial response
 - ⇒ Scores regarding finalist interviews

During the entire process Willis will provide technical support, as well as tabulation of the responses and

Section II – Questionnaire

HMO Questionnaire

1. List the accreditations your HMO maintains.
2. Describe the steps you have taken and plan to take to control costs in the future.
3. Describe the steps you have taken and plan to take to take advantage of technology to communicate with and educate plan participants.
4. Describe your customer service capabilities and why you believe they are superior.
5. Provide examples of your standard data reports.
6. Indicate your willingness to provide detailed claims extracts in an electronic format for the City to integrate with its Basic Health Plan information for purposes of deriving cost data.
7. Will you provide claims and eligibility data to WillisMed on behalf of the City? If so, will there be an additional charge? How much will that charge be?
8. In one page or less, describe why the City should select your organization to ensure and administer their HMO over any other.
9. Provide a copy of your most recent financial statements.
10. Provide a summary of your provider network coverage in the seven county southeast Wisconsin area, including number of physicians and percent of total in the area, number and percent of hospitals, separately for your broad network HMO and narrow network HMO.
11. Please explain how your wellness efforts will complement the current City carved out wellness efforts for active City employees and their spouses.
12. Please provide information on your disease management programs including the impact on your quoted rates if the City would adopt such a program. Disease management program assumes a health risk assessment, follow up and financial incentives for employee participation or disincentives for lack of participation. Please include the types of conditions you manage as well as the method you use to identify candidates.
13. Please indicate if you will provide quotes for an insured HMO, and if you will provide quotes for an insured HMO will you provide those quotes if more than one HMO is offered.
14. Please indicate if you will provide quotes for an insured HMO with two benefit designs using a four-tier rate, and if so complete the attached rate pages.

Section III – Financial Terms

HMO and EPO Rates

HMO rates should be quoted for the period 1/1/12 - 12/31/12. If you offer broad and/or narrow network HMO plans, these are the only HMO or EPO plans offered to City employees. Rates for the respective plans and tiers should be self supporting. A four tier type rate for active employees based on single at 1.0, one adult with dependent/s at 1.5, two adults without dependent at 2.0 and two adults with dependent/s at 3.0. This is a change from the two-tier rate the City has been using. The City is exploring a change to a four-tier rate structure because the employee contribution in 2012 is likely to be significant. If you are willing to provide not-to-exceed caps for 2013 and 2014, indicate the not-to-exceed cap you would offer.

EPO fees should be quoted for the period 1/1/12 – 12/31/14. If you offer broad and/or narrow network EPO plans, these are the only EPO or HMO plans offered to City employees. The drug benefit is carved out.

Please complete a rate sheet for each combination that you quote.

Please describe any restrictions you may have on your rates regarding the City changing its contribution or benefit design during the contract period, including the cost to lift any restrictions.

City of Milwaukee
Rates if Your Insured HMO is the Only HMO Option Offered
Rates Effective January 1st 2012
Drug benefit is carved out
CURRENT BENEFIT DESIGN

Rate	Broad Network	Narrow Network
Active Rates		
Single		
Single with dependent/s		
Two adults with no dependent/s		
Family, two adults with dependent/s		
Retiree Rates		
(1) Single without Medicare		
(2) Two without Medicare		
(3) Family without Medicare		
(4) One with Medicare		
(5) Two with Medicare		
(6) One with Medicare & One without Medicare		
(7) One with Medicare, One without Medicare & Dependent children		
(8) Two with Medicare & Dependent children		
(9) One without Medicare & Dependent children		
(10) One with Medicare & Dependent children		

“With Medicare” means having both parts of Medicare, Hospital (Part A) and Medical (Part B)

Describe any caps you are willing to offer on rate increases in 2013 or 2014.

City of Milwaukee
Rates if Your Insured HMO is the Only HMO Option Offered
Rates Effective January 1st 2012
Drug benefit is carved out
OPTIONAL BENEFIT DESIGN

Rate	Broad Network	Narrow Network
Active Rates		
Single		
Single with dependent/s		
Two adults with no dependent/s		
Family, two adults with dependent/s		
Retiree Rates		
(3) Single without Medicare		
(4) Two without Medicare		
(3) Family without Medicare		
(4) One with Medicare		
(5) Two with Medicare		
(6) One with Medicare & One without Medicare		
(7) One with Medicare, One without Medicare & Dependent children		
(8) Two with Medicare & Dependent children		
(9) One without Medicare & Dependent children		
(10) One with Medicare & Dependent children		

“With Medicare” means having both parts of Medicare, Hospital (Part A) and Medical (Part B)

Describe any caps you are willing to offer on rate increases in 2013 or 2014.

EPO Network Discounts

Physician Discount Analysis

What is your current average contracted Physician's PPO Fee Schedule for the following fifteen procedures in Milwaukee County

<i>CPT-4 CODES</i>	<i>Milwaukee County</i>
36522	
45378	
72193	
78465	
80061	
88305	
90806	
97110	
97140	
99213	
99214	
99232	
99284	
99285	
99396	

Is this an average or the same for all providers?

What is your current 70th percentile Reasonable & Customary Physician's Fee Schedule for Milwaukee County?

<i>CPT-4 CODES</i>	<i>Milwaukee County</i>
36522	
45378	
72193	
78465	
80061	
88305	
90806	
97110	

Hospital Discount Analysis

Currently, what percentage of network hospitals in the Milwaukee area are reimbursed in the following ways

INPATIENT	Milwaukee County
Discount:	
Per diem:	
DRG:	
Per case:	
Other:	

If "Other", please describe:

OUTPATIENT	Milwaukee County
Discount:	
Per diem:	
DRG:	
Per case:	
Other:	

If "Other", please describe:

Currently, what is the most frequently negotiated dollar amount, by reimbursement method by day? (Please include R&B and ancillaries)

DISCOUNT	Milwaukee County
Medical:	
Surgical:	
Maternity:	
Pediatrics:	
Psychiatric:	
Chem/Sub Abuse:	
Rehabilitation	
ICU:	
CCU:	

PER DIEM	Milwaukee County
Medical:	
Surgical:	
Maternity:	
Pediatrics:	
Psychiatric:	
Chem/Sub Abuse:	
Rehabilitation	
ICU:	
CCU:	

DRG	Milwaukee County
Medical:	
Surgical:	
Maternity:	
Pediatrics:	
Psychiatric:	
Chem/Sub Abuse:	
Rehabilitation	
ICU:	

PPO Physician and Hospital Discount Comparison

On average, what discount off billed charges year to date did your agreements generate in 2010?

<i>Major Area</i>	<i>Inpatient Hospital Discount</i>	<i>Outpatient Hospital Discount</i>	<i>Physician Discount</i>
Milwaukee County			

EPO Plan Administrative Fees

	2012		2013		2014	
	per ee/per month	alternative charge basis	per ee/per month	alternative charge basis	per ee/per month	alternative charge basis
Claims Administration						
Utilization Review (preauthorization in patient and select outpatient, concurrent review and discharge planning)						
Case Management						
Hospital bill audit if per hour \$						
Disease management ✓ (describe) ✓ ✓						
Standard Data Report						
Ad Hoc Data Reports						
WillisMed Data Feed						
Network Access Fee						
Patient Choice Interface						
Miscellaneous Fee ✓ (describe) ✓ ✓ ✓ ✓						

Appendix

- A copy of the Information booklet for 2010 for active and retired employees, which includes a benefit summary for the HMO Plans and Basic Plan, is located on the City of Milwaukee DER Benefits web site: www.city.milwaukee.gov/der/EmployeeBenefits2010/Health
- A copy of the Master Plan document for UHC is also on the same DER web site.
- An excel file with information regarding active employee census of 6,351 contracts includes the following and is attached to the HMO RFP e-mail.
 - postal zip code(5 digit)
 - employee ID (six digit)
 - date of Birth
 - plan (BASIC, Basic Plan; UHC, UnitedHealthcare Choice.
Any "A" after plan refers to after tax; all other deductions are done pre-tax.
 - Coverage Code (1 is single, 4 is family) and
 - Gender/sex.
- An excel file with information regarding retired employees census of 4,258 includes the following:
 1. Health Care Policy ID (id #)
 2. DOB – Date of Birth
 3. Sex/gender – male, female or unknown (widow or widower of City retiree)
 4. Zip Code – five digit
 5. Plan code: The number in 2010 census stands for:
 - 1/single without Medicare;
 - 3/family without Medicare;
 - 4/single with Medicare;
 - 5/ two with Medicare;
 - 6/one with Medicare, one without Medicare;
 - 7/one with Medicare, one without Medicare and dependent;
 - 8/two with Medicare and Dependent;
 - 9/one without Medicare and Dependent; and,
 - 10/one with Medicare and Dependent.
 6. HMO/Basic – HMO either UHC Choice or Secure Horizons Medicare Complete Retiree Plan; NHMO – Basic Plan administered by Anthem
- The rate sheets for active employees are attached on excel file or can be located on the DER web site at the following link:
www.city.milwaukee.gov/ImageLibrary/Files/Comma/Benefits2010/ABC_ALL.pdf